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Market wrap

June 22, 2018

Asian markets touch 6 months low owing to ongoing trade war; all eyes on crucial OPEC meet..

Markets edged up on Friday with Nifty50 closing above 10,800-levels, even as broader global markets remained weak. The S&P BSE Sensex ended the day at 35,689, up 257 points while the broader Nifty50 index settled at 10,822, up 81 points

The top gainers on the Sensex include Sun Pharma, HDFC, Mahindra and Mahindra (M&M), and Axis Bank whereas Reliance Industries (RIL), and Coal India were the major losers.

Among sectoral gainers, banking and finance sectoral indices gained with Nifty Bank, Nifty PSU Bank and Nifty Private Bank index up over 1% each. Meanwhile, Nifty Pharma index was up 1.8% with Sun Pharma gaining over 4%.

Sectors and stocks

PNB Housing Finance hit its 52-week low of Rs 1,051, down 5% on the BSE. Shares of the housing finance arm of Punjab National Bank (PNB) are trading at its lowest level since March 15, 2017. Since May 2, 2018, PNB Housing Finance has underperformed the market by falling 26% as compared to 1% rise in the S&P BSE Sensex. On May 8, Quality Investment Holdings, an arm of the global private equity giant Carlyle, had sold 8 million shares of PNB Housing Finance, translating into about 4.8% of its equity, for around Rs 10.24 billion through block deals.

Bajaj Finance, which hit a new high of Rs 2,330, up 3% on the BSE in late noon deal on Friday, has surpassed private sector lender Axis Bank in market capitalisation (market-cap) ranking. At 02:37 pm; with market-cap of Rs 1,345.85 billion, Bajaj Finance, the non-banking finance company, overtook the Axis Bank, which has market-cap of Rs 1,340.18 billion, the BSE data shows. Axis Bank was trading 2% higher at Rs 522, as compared to 0.37% rise in the S&P BSE Sensex. Thus far in the calendar year 2018 (CY18), Bajaj Finance has outperformed the market by surging 33% as compared to 4% rise in the S&P BSE Sensex. Axis Bank has underperformed the market by falling 8% during the period. Currently, Bajaj Finance stood at number 18 position in overall market-cap ranking, has climbed 11 positions thus far in CY18. It surpassed Power Grid Corporation, Asian Paints, Bharat Petroleum Corporation, UltraTech Cement, Vedanta, HCL Technologies, Tata Motors, Hindustan Zinc, Sun Pharmaceutical Industries and Wipro during the period. Since May 16, post Q4FY18 results, Bajaj Finance has surged 21% against a marginal 0.13% rise in the Sensex. The company had reported a better than expected 60% year on year jumped in its standalone net profit at Rs 7.21 billion in March quarter (Q4FY18). Assets quality of the company improves during the quarter with gross non-performing assets (NPA) and net NPA as of March 31, 2018 stood at 1.48% and 0.38% respectively.

Global Markets

Globally, investor sentiments were dampened by a trade war like situation after the recent tariff hikes by the US. As a retaliatory measure the European Union on Friday imposed tariffs on around US\$3.2 billion worth of American goods.

Asian shares stumbled to their lowest in six months on Friday, hurt by signs U.S. trade battles with China and many other countries are starting to chip away at corporate profits, while oil prices were choppy before an OPEC meeting to discuss raising output.

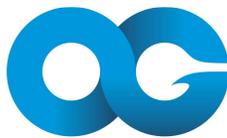


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MSCI's broadest index of Asia-Pacific shares outside Japan dropped as much as 0.35 percent at one point to touch its weakest since early December before erasing losses to be up 0.15 percent. Still it was 2.3 percent off for the week.

Hong Kong's Hang Seng plumbed six-month lows, having lost 3.9 percent so far this week. South Korea's KOSPI hit nine-month lows and in mainland China, the CSI300 index lost almost 5 percent this week to one-year lows.

Iran's oil minister had walked out of a key meeting with OPEC peers, as a rift deepened with regional rival Saudi over its push to ramp up the cartel's oil output. "I do not think we can reach an agreement," Bijan Namdar Zanganeh told reporters at his Vienna hotel yesterday after storming out of talks with a group of ministers on the eve of a crucial OPEC meet. The talks were meant to lay the groundwork for today's gathering of the 14-nation Organisation of Petroleum Exporting Countries (OPEC), when the cartel will discuss easing a supply-cut deal with 10 partner countries that has cleared a global oil supply glut and pushed crude prices to multi-year highs. The output curbs have been in place since January 2017 but Saudi Arabia, backed by non-member Russia, is now pushing to raise production again in order to meet growing demand in the second half of 2018. But the proposal has run into resistance from Iran, Iraq and Venezuela, who would struggle to immediately raise output and fear losing market share and revenues if other countries open the spigots. Iran is particularly vocal about its objections as it braces for the impact of fresh US sanctions on its oil exports after President Donald Trump quit the international nuclear agreement. But Riyadh, which cheered Washington's exit from the nuclear pact, is under pressure from Trump to boost output in order to lower oil prices ahead of November's midterm elections.



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